weekly economic review

December 13, 2013

Housing Starts

Calgary pushes starts higher

Alberta housing starts jumped to 42,200 in November, a seven-month high and close to levels not seen since the summer of 2007. The increase was mostly due to higher multi-unit dwelling starts in Calgary. Alberta's new housing market has been spurred by a healthy economy, rising in-migration and the need to rebuild after the flood. While activity has picked up in Calgary in recent months, Edmonton has seen larger gains so far in 2013. Alberta's new housing market contrasts with the rest of the country, where economic and demographic conditions have been less favourable. National starts were down from October, and have fallen year-over-year (y/y) in each of the last 12 months (-4.6 % y/y in November)

New Housing Price Index

Calgary pushes provincial index higher

Alberta's new housing price index rose 3.0% y/y, driven by a 6.1% increase in Calgary. Prices in Calgary have accelerated since the beginning of 2013, but the pace of growth has slowed significantly lately. The rise in the provincial index in 2013 is mainly due to Calgary, with Edmonton prices have remained relatively flat for the past two years.

Estimated Agriculture Production

Record highs for wheat and canola

Crop production in Alberta jumped in 2013 on strong growing conditions, with production of wheat, and canola reaching new heights. Estimated wheat production increased 35% over 2012 to 11.3 million tonnes, while canola jumped to 6.0 million (+18%). Barley and oat and production was also strong, up 24% and 16% respectively in 2013. Alberta remains one of Canada's top producing provinces for grains, ranking second in estimated 2013 production behind Saskatchewan for wheat and canola and first for barley.

New Vehicles

Impressive but slowing growth

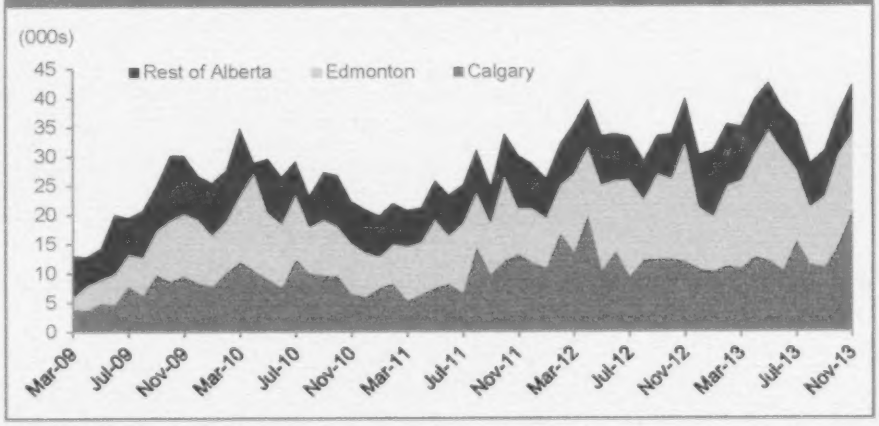
New vehicle sales continued to move higher in October, up 6.5% y/y. The value of new vehicle sales (+14% y/y) October, increased faster than unit sales by a significant margin. This suggests that, on average, more expensive vehicles were sold.

National Balance Sheet

Households wealthier, but more leveraged

Canadian household net worth rose 2.2% in the third quarter, as households gained more wealth than debt. The increase in net worth was largely due to a 3.7% increase in the value of household holdings of equities as foreign stock markets rose substantially in the quarter. The value of residential real estate also contributed to household net worth, up 1.5%. Canadians are also more leveraged, as a 1.5% increase in household debt brought the debt to disposable income ratio up 0.6 percentage points to 163.7%. On a positive note, year-over- year growth in household debt fell to 4.6%, the lowest rate in over 10 years.

Alberta Housing Starts*



Source: Statistics Canada
* Seasonally Adjusted at Annual Rates.

Closing Price	Dec. 5, 2013	Dec. 12, 2013	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	94.00	93.96	96.02
WTI Oil ($US/bbl)	97.38	97.50	97.24
NYMEX Natural Gas($US/MMBtu)	4.13	4.41	3.70

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Alberta Economic Indicators

Population	2011	2012	2013YTD	June	July	Aug	Sept	Oct	Nov
Population (000's)	3,790	3,889	4,025		4,025				
y/y % change	1.5	2.6	3.5		3.5				
Net Interprovincial Migration[1]	8,443	27,652	52,677		13,791				
Net International Migration[1]	19,411	40,842	52,551		20,487				
Net Non-permanent Residents[1]	7,251	10,085	19,560		10,472				
Labour Market									
Employment (000's), SA	2,094	2,149	2,297	2,201	2,217	2,232	2,236	2,237	2,248
y/y % change	3.8	2.6	2.7	2.6	3.0	3.6	3.7	3.5	3.6
Unemployment Rate (%), SA	5.5	4.6	4.6	5.0	4.6	4.8	4.3	4.4	4.7
Participation Rate (%), SA	73.7	73.4	73.0	73.1	73.0	73.6	73.1	73.0	73.4
Average Weekly Earnings ($), SA	1,035.75	1,072.98	1,103.77	1,104.47	1,103.08	1,110.83	1114.95		
y/y % change	4.4	3.6	3.2	3.4	2.1	0.8	2.6		
Price Indices									
Consumer Price Index (y/y % change)	2.4	1.1	1.4	2.3	2.2	1.4	1.3	1.0	
Excluding food and energy	0.8	1.4	1.3	1.6	1.9	1.6	1.5	1.6	
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.4	3.8	1.2	0.9			1.2		
Farm Product Price Index (y/y % change)	18.1	-6.3	4.4	5.3	4.6	2.5	2.5		
Crops	19.0	6.7	4.7	6.5	2.5	4.2	-6.0		
Livestock	17.2	5.9	3.9	4.4	6.9	7.0	10.0		
Household Sector									
NEW! Housing Starts (SAAR, 000's)	25.5	33.3	36.0	38.1	35.6	28.8	30.8	37.2	42.2
y/y % change	-5.0	30.7	7.1	12.8	7.2	-1.8	-7.8	10.1	5.8
NEW! New Housing Price Index[3] (y/y % change)	0.4	1.6	2.7	2.9	3.0	3.3	3.1	3.0	
Edmonton	0.9	0.9	0.6	0.6	0.6	0.8	0.2	0.3	
Calgary	-0.1	1.7	5.1	5.3	5.8	6.1	6.3	6.1	
MLS Average Resale Prices ($ 000's)	352.7	362.0	378.4	376.5	378.7	387.2	384.3	381.3	
y/y % change	0.5	2.6	5.2	4.4	4.9	6.6	7.8	4.0	
Edmonton ($ 000's)	324.2	332.7	342.4	344.7	340.4	347.5	346.9	339.9	
y/y % change	0.7	2.6	3.4	3.7	2.9	4.2	7.7	0.0	
Calgary ($ 000's)	401.9	410.8	433.6	431	438.7	440.8	436.5	438.3	
y/y % change	1.1	2.2	6.6	5.3	6.8	7.8	8.6	4.2	
Retail Sales, SA (y/y % change)	6.6	6.9	6.4	7.9	6.3	5.7	6.3		
NEW! New Motor Vehicle Sales (y/y % change)	9.6	10.5	6.2	3.4	6.5	7.0	2.1	6.5	
Consumer Bankruptcies	7029	5759	3699	375	385	379	375		
y/y % change	-13.8	-18.1	-17.8	-22.5	-21.3	-16.5	-10.9		
Business Sector									
Rigs Drilling	286	250	233	115	187	239	251	239	233
y/y % change	30.4	-12.6	-5.5	-17.1	5.9	7.0	9.6	1.0	9.8
Goods Exports, customs based (y/y % change)	18.4	2.9	6.8	0.6	9.1	7.6	16.6	19.0	
Energy	19.2	3.6	9.2	0.3	11.1	12.6	25.7	26.1	
Farm, Fishing and Intermediate Food	27.2	20.6	-7.7	18.4	1.8	-24.2	-27.5	-14.8	
Farm Cash Receipts (quarterly, y/y % change)	16.7	14.1	2.1	3.5	--	--	-3.4	--	
Manufacturing Shipments, SA (y/y % change)	17.3	3.4	0.7	3.6	3.6	8.1	2.2		
Wholesale Trade, SA (y/y % change)	14.7	10.9	2.2	1.7	2.2	1.4	1.6		
NEW! Building Permits, SA (y/y % change)	11.8	14.8	21.2	21.6	50.4	1.1	29.9	23.6	
Residential	5.2	18.2	18.6	16.6	29.1	-5.9	39.5	37.2	
Non-residential	20.9	10.7	24.8	28.5	79.7	12.3	14.7	6.0	
Business Bankruptcies	264	230	100	9	9	7	13		
y/y % change	-30.2	-12.9	-44.8	-59.1	-43.5	-30.0	-38.1		

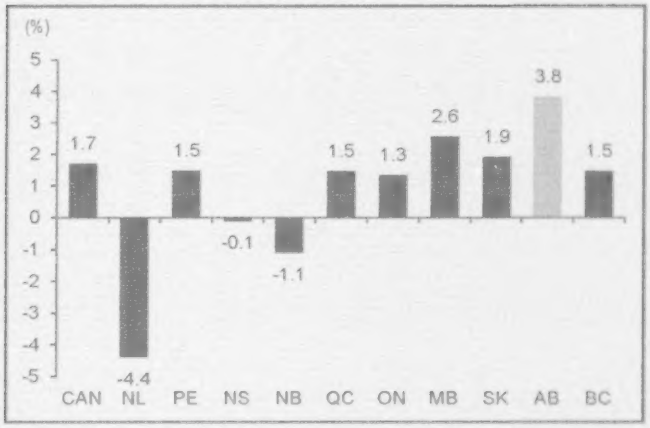
[1] Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
[2] Quarterly, average of Calgary and Edmonton
[3] Average of Calgary and Edmonton
YTD (year to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

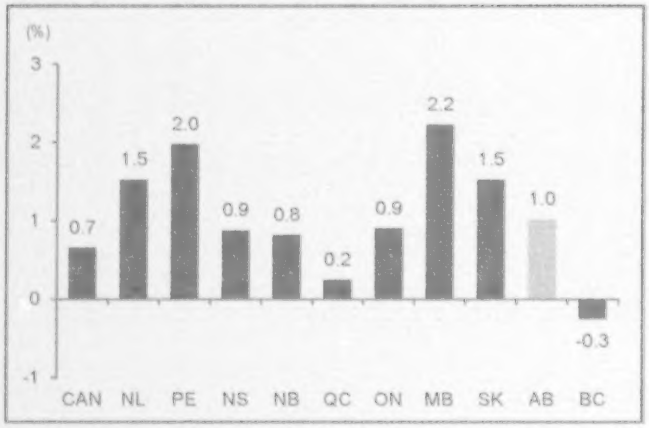
All historical data are subject to revision.

Economic Indicators by Province

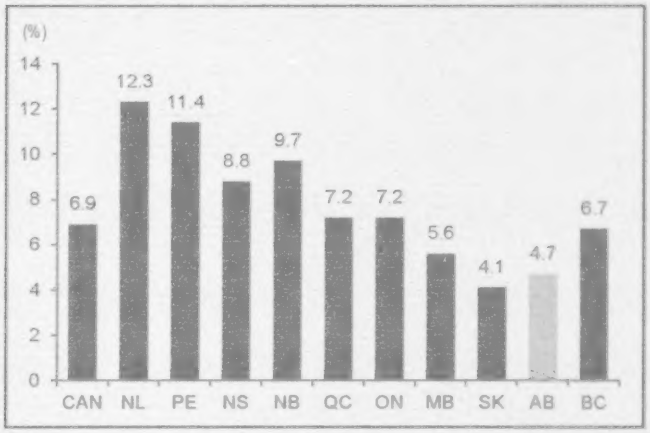
Real GDP at Market Prices
(2012, year-over-year growth)



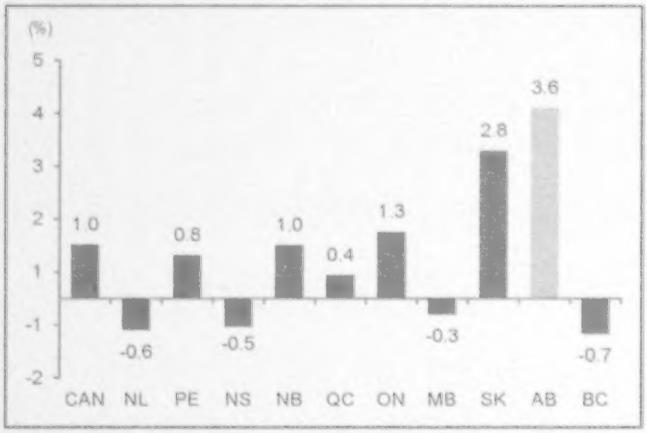
CPI Inflation
(October 2013, year-over-year growth)



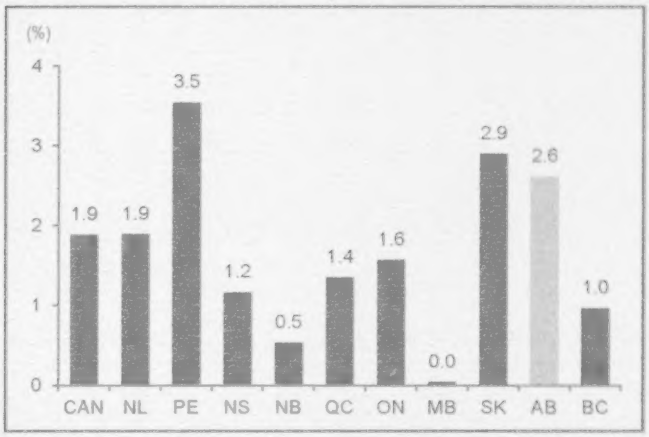
Unemployment Rate
(November 2013)



Employment
(November 2013, year-over-year growth)



Average Weekly Earnings
(September 2013, year-over-year growth)



Housing Starts
(November 2013, SAAR, year-over-year growth)